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Bloomberg BNA



Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Despite Trump, States Still on Pace to Reach Paris Climate Goals

Posted September 20, 2017, 02:15 P.M. ET

By [Joe Ryan](#)

A coalition of states that vowed to fight global warming is on track to meet its share of U.S. targets set under the Paris Climate Agreement, even as President Donald Trump guts federal environmental efforts.

California, New York, and other members of the U.S. Climate Alliance have collectively cut greenhouse gases 15 percent since 2005, putting them within reach of the national goal of reducing emissions at least 26 percent by 2025, according to a Sept. 20 report. The rest of the nation has trimmed emissions by 10 percent, according to Rhodium Group research cited in the report.

The push reflects growing state-level efforts aimed at fighting climate change, even as the White House moves in the opposite direction. That still may not be enough. Unless more states work to aggressively cut emissions from power plants and automobiles—or federal policy changes—the U.S. will still fall short of its goals set under the historic pact brokered at the French capital in 2015.

“It’s very clear that we need a president to take leadership on climate action,” California Gov. Jerry Brown said in an interview. “But Trump is on the sidelines. So the answer is that states and cities and corporations need to do everything they can.”

Economic Upside

Brown is set to unveil the analysis at an event in Manhattan along with New York Gov. Andrew Cuomo (D), Washington Gov. Jay Inslee (D) and former Secretary of State John Kerry as world

leaders and industry executives gather for Climate Week NYC and the United Nations general assembly. Confronting climate change does not necessarily require economic sacrifice. Clean energy policies have attracted billions in investments and helped create 1.3 million jobs.

The three governors formed the U.S. Climate Alliance in June, after Trump announced he would withdraw from the Paris accord. It now comprises 14 states and Puerto Rico, with more than one-third of the U.S. population and accounting for \$7 trillion in economic output. That's more than any single nation other than the U.S. and China.

Corporations have also pledged to work toward the U.S.'s Paris targets. The World Resources Institute and other environmental groups [released a list](#) this week of more than 300 companies that have pledged to cut emissions, including Adobe Systems Inc., United Technologies Corp., Nike Inc. and Merck & Co.

Despite the push by states and corporations, Rhodium Group [projected](#) in May that the U.S. is on pace to reduce emissions between 15 and 19 percent by 2025, short of its goal of 26 to 28 percent.

"Climate change is a profound threat to the world," Cuomo said in an emailed statement. "Despite the federal government's reckless neglect of our environment, New York and the other U.S. Climate Alliance members are calling on other states to join us in this challenge to adopt aggressive policies to combat climate change."

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Electric Grid Reliability Rules Get Energy Regulator's OK

Posted September 20, 2017, 03:05 P.M. ET

By [Rebecca Kern](#)

Two final rules, along with a proposed rule, aiming to improve the reliability and resiliency of the nation's electric grid were issued by the Federal Energy Regulatory Commission today in its first meeting since January.

The series of reliability standards are among the first early actions the agency has taken since their voting quorum was restored in early August with the swearing in of current Chairman Neil Chatterjee and Commissioner Robert Powelson, who join former Acting Chairman Cheryl LaFleur.

FERC approved a [final rule](#) that revises the reliability standard for balancing authorities, which are entities that are responsible for the electricity balance in a region, overseeing electricity supply and demand.

The rule also clarifies and consolidates requirements related to frequency control, which maintains the different frequencies of electricity on the grid to ensure that it operates reliably.

The standards were submitted for FERC approval by the North American Electric Reliability Corp., which is tasked by FERC to create the electric reliability standards of the U.S. grid.

A second [final rule](#) approves a NERC reliability standard that deals with remedial action schemes, which regional grid operators use to automatically take action to maintain electric grid stability.

The agency also issued a [proposed rule](#) that revises four NERC standards related to providing

accurate reporting of electricity events so that NERC's event analysis group can evaluate their impact on the grid. The rules also clarify procedures for restoring electricity after outages.

The final rules will go into effect in 60 days after they publish in the Federal Register. Comments on the proposed rule are due 60 days after it publishes in the Federal Register.

Duke Energy 'Hiding' Ash Storage Hazards, Advocates Say

Posted September 20, 2017, 01:27 P.M. ET

By [Andrew M. Ballard](#)

Duke Energy is illegally withholding information about hazards posed by coal ash stored at 10 of its facilities, according to an environmental group that intends to sue over the issue.

The Charlotte, N.C.-based power company is the only one in the United States that didn't provide dam safety information by April 2017 that store the waste material under federal coal ash regulations, according to Frank Holleman, a senior attorney with the Southern Environmental Law Center in Chapel Hill, N.C. Such information is critical to assess risks from, and plan appropriate responses to, accidental releases of ash, he said.

"Duke Energy is scared of the public reaction when people learn how much of their communities will be devastated by coal ash and toxic water pollution if Duke Energy's dangerous coal ash storage sites fail," Holleman said in a Sept. 20 statement.

But the company says the storage sites are safe and operating in compliance with applicable laws.

'Open Dumps'

The environmental group says in its notices of intent to sue that Duke Energy's failure to provide the hazard information at issue violates the Resource Conservation and Recovery Act and associated coal ash regulations. Because the utility is not complying with those requirements, its storage sites for the waste material left after coal is burned constitute "open dumps" under the law, the group asserts.

Duke Energy has 14 coal ash sites in North Carolina and has been the subject of several lawsuits brought by the Southern Environmental Law Center and other conservation groups over ash storage and management practices at its facilities. The environmental group's latest claims involve ash handling at the utility's Allen, Asheville, Belews Creek, Cliffside, Dan River, Lee, Marshall, Mayo, Roxboro, and Weatherspoon facilities.

But a company representative said the ash basins were operating safely, "highly regulated," regularly inspected, and maintained as needed.

Emergency Plans Reviewed Annually

Erin Culbert, a Duke Energy spokeswoman, told Bloomberg BNA Sept. 20 that local emergency planners and responders are provided with full emergency action plans that are reviewed every year.

The hazard information publicly provided was guided by state law covering critical infrastructure disclosures, but "we will review the approach taken by other utilities and ask state regulators for further guidance," according to Culbert.

The notices to sue are the Southern Environmental Law Center's "latest attempt to use fear and the courts to upend public policy that directs the safe closure of hundreds of ash basins across the nation," she said.

Jamie Kritzer, director of communications for the North Carolina Department of Environmental Quality in Raleigh, confirmed the agency had received the notices and was currently reviewing them but declined to comment further.

Biggest Miner Aims to Show Carbon Neutrality Won't Cut Growth

Posted September 20, 2017, 8:21 A.M. ET

By David Stringer

BHP Billiton Ltd., the mining giant that's made the biggest cuts to greenhouse gas emissions among the world's top corporate emitters, has set itself the goal of becoming carbon neutral as new research across diverse industry sectors shows reductions don't have to come at the cost of growth.

The company is aiming to meet a target of net zero emissions from its operations in the second half of this century, by making further cuts and using carbon offsets, according to a report published Sept. 20. Along the way, it's aiming to hold emissions at, or below, levels recorded in the 12 months ended June 30 over the next five years.

The world's biggest miner has been emboldened after proving it can lift output at the same time it curbs emissions, according to Fiona Wild, BHP's vice president, climate change and sustainability. BHP cut emissions about 61 percent in the six years to 2016, the largest reduction among the top 10 corporate emitters, Bloomberg New Energy Finance said in a Sept. 14 report.

Other industry sectors are also proving cuts to emissions can co-exist with growth, according to the report. In the five years to 2015, health care and consumer staples companies reduced emissions at the same time as increasing revenues, the data shows. "There's a massive decoupling of emissions from production growth, and that's the thing that we are trying to drive across the organization," Wild said by phone Sept. 20.

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Coastal States Can Restore Wetlands to Fight Floods, Scientists Say

Posted September 20, 2017, 9:29 A.M. ET

By [Amena H. Saiyid](#)

Coastal communities built atop drained salt marshes and leveled mangrove forests had little natural flood protection from hurricanes Irma and Harvey, exposing the need for better planning against future storms and sea-level rise, marine scientists and environmental engineers told Bloomberg BNA.

"As they say, floods are natural events, disasters are human-caused events," Bruce Stein, vice president for the National Wildlife Federation's conservation science and climate science adaptation program, said. "It is where and how structures and people are put into the path of flooding, or other natural hazards, that determines the extent and cost of property damage."

Harvey's historic rains created storm surges that turned the concrete urban sprawl between downtown Houston and Galveston Bay into a flowing river, and inundated cities like Rockport

and Port Arthur along the Texas Gulf Coast.

Irma's 130 mile-per-hour winds created storm surges of up to 10 feet that overwhelmed what little is left of natural defenses posed by mangroves and sea marshes in the Florida Keys, Miami Beach in southern Florida, Tampa Bay along the Gulf Coast, and other cities in central Florida. The flooding and property damage could have been mitigated in some communities had Florida and Texas done more to protect coastal wetlands, mangroves and salt marshes—or even added more man-made levees and sand dunes as storm barriers—Stein said.

Natural Defenses

Coastal wetlands play an important role in reducing wave energy, and a smaller role in mitigating storm surges of the kind that Irma unleashed in South Florida, said marine scientist Molly Mitchell at the College of William & Mary's Virginia Institute of Marine Science.

But the resiliency of coastal communities can be improved if multiple lines of defense are employed by using wide swathes of salt marshes or mangroves that are backed by engineered levees, Mitchell said. "The natural structure will help break up the wave energy, while the engineered structure will provide the defense against the wave elevation," she said.

"Ideally it would have to be combined with some hard infrastructure for protecting critical facilities like nuclear power plants," Thomas Wahl, assistant professor for coastal risks and engineering at the University of Central Florida, said.

But coral reefs, which are far more efficient than wetlands at reducing wave energy, can't be grown everywhere, Wahl said, and "you can't build a dike on a sandy beach in Florida. The water would seep right through."

But there are steps that can be taken.

Lessons from the Netherlands

Mitchell pointed to the Netherlands, where some 227 kilometers (141 miles) of dikes protect the Dutch mainland and barrier islands.

But the Dutch wanted a solution that would be more responsive to the natural conditions of the coast, as well, and in 2015 decided to [adapt](#) its flood defenses along the Wadden Sea coast to include salt marshes in response to growing concern over sea-level rise caused by climate change.

In the U.S., a federal law enacted in 1982 doesn't bar risky development on barrier islands—but reduces incentives for such activity by making these properties ineligible for financial assistance, including federal flood insurance.

With the Trump administration expressing widespread skepticism about human-caused climate change, renewed federal action seems unlikely in the coming years. Still, some states are acting more aggressively.

Louisiana's Post-Katrina Plans

Louisiana's 2017 coastal restoration plan offers a 50-year blueprint for the state to restore a coastline that has been devastated by hurricanes, land subsidence and other factors, said Gerald Galloway, a research engineering professor at University of Maryland.

The plan calls for a mix of projects, including restoring salt and freshwater marshes, diverting

sediment, constructing breakwaters, and rebuilding barrier islands.

Between 1932 and 2010, the Louisiana coast lost more than 1,800 square miles of land, including more than 300 square miles of marshland that was lost to hurricanes Katrina and Rita in 2005, and Gustav and Ike in 2008, according to the U.S. Geological Survey.

The key to coastal resilience is to develop a comprehensive, regional long-term plan that combines natural features of the coast along with engineered solutions that mimic nature, said Galloway, who was appointed in 2010 to Louisiana's advisory committee on Coastal Protection, Restoration and Conservation.

Record Rains and Overflow

But engineered solutions can be overwhelmed, Galloway said.

In Houston, for example, ponds and dams filled to capacity and overtopped when Harvey lashed the Gulf Coast with record rains.

"What really nailed Houston was not a large storm surge, but rather an extraordinary amount of rainfall," Stein, of National Wildlife Federation, said.

Harvey was a rainfall-dominated event, but what if there was a Katrina-like-event where a wall of water moved in, Galloway asked.

"It would wipe out refineries, wipe out homes between Galveston Bay and Houston," he said.

Loss of Freshwater Wetlands

A form of wetlands known as coastal prairie potholes are native to Houston, "but now all you see is pavement," Stein said. The eight-county Houston area has built over most of its freshwater wetlands so the flood-absorbing capacity of its natural systems has been compromised, he said. These freshwater wetlands are the headwaters for virtually all of the water bodies feeding into Galveston Bay.

Since 1992, the Greater Houston metro area lost about 5.5 percent—or 24,600 of the 447,949 acres—of natural freshwater wetlands mapped by the U.S. Fish and Wildlife Service's National Wetland Inventory, according to a 2014 [study](#) by the Texas A&M University's Texas Coastal Watershed Program that attempted to quantify wetland loss in the city.

The greatest losses occurred in Harris County, which includes the city of Houston itself, and where almost 30 percent of the freshwater wetlands that had existed in 1992 were gone by 2014.

In Florida, the problem lay in development that has continued to the water's edge, encroaching into the mangroves and barrier islands, Stein said, pointing to Miami Beach, which was developed on a barrier island that normally would have protected against storm surges.

Half of Florida's Mangrove's Gone

Florida has lost about half of its mangrove forests just since the mid-1900s.

The state has about 469,000 acres of mangrove forests today, which provide critical habitat for adult fish, stabilize shorelines and help prevent storm surge and erosion damage to coastal property, according to the Florida Department of Environmental Protection.

While storms and hurricanes, notably Andrew in 1992, have damaged mangroves, “human destruction of mangrove habitat by shoreline development is their greatest threat,” contributing to the removal of nearly 500,000 acres between 1943 and 1970, a University of Florida [fact sheet](#) notes. In 1996, Florida passed a law restricting trimming of mangroves.

Loss of mangrove habitat has been severe in Florida’s largest estuaries. Since 1900, Tampa Bay, home to one of the largest ports in the nation, has lost nearly 50 percent of mangrove forests and salt marshes. Charlotte Harbor has lost nearly 60 percent. And on Florida’s East Coast, construction of mosquito ditches and empoundments have destroyed or compromised 85 percent of mangroves in the Indian River lagoon.

Both Galloway and Stein said city planners need to reconsider their past policies of allowing people to build homes in flood-prone areas, or encourage those already living along the coast to relocate to higher ground, and find ways to preserve natural habitat.

“It is a challenge to get people’s cooperation,” Galloway said, but he added it can be done. After the Red River flooding in 1997, North Dakota relocated whole communities away from the river banks.

‘Investing More in Natural Resiliency’

Other solutions include the use of engineered techniques that mimic nature, such as permeable pavements, strategically planted wetlands and vegetation to capture downpour and filter it through the ground naturally.

In Houston, which is completely built up, the goal should be where it’s possible to remove impervious driveways and install driveways that allow stormwater to filter through, Alisha Renfro, coastal scientist with the federation’s Mississippi River Delta Campaign, said.

Stein pointed to the two-mile stretch in Pensacola, Fla., where oyster reefs have been constructed to provide shoreline protection.

A [report](#) coauthored by Stein cites a number of states that are taking steps to enhance natural defenses.

Alabama placed the western spit of Dauphine Island, a barrier island located three miles south of Mobile Bay, under the protection of the Coastal Barrier Reduction Act, a 1982 law signed by President Ronald Reagan that discourages development by making properties ineligible for federal flood insurance. Alabama aligned its local and state zoning laws, making at least the edge of the island that is most prone to storms off development.

A recent study quantified the storm surge risk reduction benefits of retaining coastal wetlands at \$625 million in averted property damages along the New Jersey shoreline that was caused by Hurricane Sandy in 2012, according to Michael Beck, the study’s author and a senior scientist with the Nature Conservancy.

Beck said his [study](#) was the first to put an economic value on the benefits of coastal wetlands, but—like all other engineers interviewed by Bloomberg BNA—he cautioned that nobody is saying coastal wetlands weren’t a silver bullet to prevent storm surges and flooding.

Still, he said, “we should be investing more in natural resiliency because it does offer protection.”

California Loses Bee-Harming Pesticide Court Battle

Posted September 20, 2017, 03:25 P.M. ET

By [Tiffany Stecker](#)

A California appeals court rejected a state agency's approval of two pesticides linked to honeybee deaths, finding the Department of Pesticide Regulation went too far in saying its regulatory program was exempt from portions of the state's environmental review law.

Three judges on the California Court of Appeal, First District, unanimously [agreed](#) in a Sept. 19 opinion to send the case back to a lower court, which must then order the department to rescind its 2014 approval of Dinotefuran 20SG and Venom insecticides, which are made by Mitsui Chemicals Agro, Inc. and Valent U.S.A. Corp., respectively.

The panel found the department issued "deficient" environmental reviews for the insecticides, violating the California Environmental Quality Act. That law requires state agencies to identify the environmental impacts of certain decisions and mitigate or avoid the impacts if possible.

The decision is a victory for the Pesticide Action Network of North America (PANNA), the nonprofit organization that sued over approval of the insecticides, which are in a class of chemicals found to harm bees and other pollinators.

"The opinion confirms that the Department of Pesticide Regulation cannot rubber stamp new uses for pesticides," Greg Loarie, an attorney for Earthjustice representing PANNA, told Bloomberg BNA.

DPR spokeswoman Charlotte Fadipe said the agency would be appealing the decision and would not comment further.

Developer of Rare New U.S. Coal Mine to Seek Listing Next Year

Posted September 20, 2017, 8:12 A.M. ET

By [Tim Loh](#)

Australia's Paringa Resources Ltd., which is building a rare new coal mine in western Kentucky that'll serve power plants, is looking to raise fresh money from investors as part of a push to take market share from U.S. miners.

Paringa already has enough money to finish building the Poplar Grove underground facility it broke ground on last month. It's seeking up to \$10 million in new equity in New York as soon as January. That's part of a longer-term approach which involves a second mine and potentially "transformative" acquisitions, Chief Executive Officer Grant Quasha said in an interview at Bloomberg headquarters in New York.

"We're the only pure-play growth story in the U.S. thermal coal business," said Quasha, the 38-year-old appointed to lead Paringa in June. "You love Australian shareholders, but over time you want to get more U.S. ones, and get more of a presence here."

Paringa's push into the Illinois coal basin comes as U.S. miners are recovering from the industry's worst collapse in decades. With miners from Peabody Energy Corp. to Arch Coal Inc. back out of bankruptcy this year, U.S. coal output was up 14 percent through Sept. 9 compared with 2016, according to the Energy Information Administration. The sector has benefited from higher prices for natural gas, a competing power plant fuel, and increased demand for U.S. exports.

Paringa's path forward may not be easy. Competition in the Illinois Basin will keep getting fiercer in the years ahead, since the region is already oversupplied with coal, said Andrew Cosgrove, an analyst at Bloomberg Intelligence. Making matters worse, a new wave of natural-gas pipelines are set to come online, bringing more of the competing fuel into Paringa's backyard from the still-booming Marcellus and Utica shale regions.

'War of Attrition'

"It's going to be a war of attrition," Cosgrove said. "Most of that gas has been landlocked in the Marcellus. It's not going to be forever. I'd be worried about that."

Paringa plans to start operations at Poplar Grove next August and ultimately produce about 3 million tons a year from the site. It's a rare new thermal coal mine—as opposed to sites extracting metallurgical coal, which is used in steelmaking—in the era of President Donald Trump, who has repeatedly vowed to bring back mines. U.S. coal production fell 40 percent from 2008 to 2016, to 728 million tons, amid growing competition from gas, solar and wind power as well as tougher emissions standards at power plants.

Paringa is also planning a second mine, called Cypress, which would produce about 4 million tons. Within the next two years, the company wants to further build out operations through acquisitions, said Quasha, who previously worked as chief commercial officer of Bowie Resource Partners LLC.

'Mid-tier Producer'

"We'd like to be a mid-tier producer, somewhere in the 7 million to 20 million ton a year range," Quasha said.

Paringa's [journey](#) into Kentucky has been roundabout. It held an initial public offering in 2012 in Australia. Back then, the company planned to explore for gold and graphite in Brazil, but only spent about 20 percent of its capital before stopping that approach, Quasha said. That left it with about \$8 million, which it ultimately used to acquire rights to mine coal reserves in western Kentucky.

This spring, the company capitalized on warming investor sentiment for coal by raising \$20 million in debt from Macquarie Bank Ltd. and \$40 million in equity on the Australian Stock Exchange—enough to build out the Poplar Grove mine, Quasha said.

"Now we're focused on delivering what we said we'd deliver to our investors, which is the first mine, on time and on budget," Quasha said. "In a year or two, we'll be more aggressive at looking at opportunities for deals."

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Airline Carbon Permitting Clash Brewing in the EU

Posted September 20, 2017, 01:02 P.M. ET

By [Ewa Krukowska](#)

European Union lawmakers are on a collision course over a proposal that would allow utilities and manufacturers to use allowances that currently are earmarked only for airlines in the world's biggest emissions market.

The European Parliament has proposed deleting a provision in carbon-market laws that

prevents stationary installations from using aviation permits for compliance. EU governments oppose that move, according to two people with knowledge of the matter, who asked not to be identified.

Representatives of the EU Parliament and the 28-nation bloc's governments will start negotiations on Sept. 25 about a revision to the carbon-market law.

Those could extend an exemption on foreign flights from the cap-and-trade program. The EU Parliament adopted its mandate for the talks last week, and the governments approved their stance at a meeting in Brussels on Wednesday.

12,000 Facilities Impacted

The EU emissions trading system imposes emission quotas on about 12,000 facilities owned by manufacturers and utilities. It forces those that exceed their caps to buy permits from businesses that pollute less. Emitters, which also include airlines, must hand in allowances to match the previous year's emissions by the end of each April.

Prices in the program lost almost 70 percent in the past nine years as an economic crisis cut industrial output and imports of United Nations carbon credits added to a supply surplus.

Some lawmakers in the EU Parliament support removal of a firewall differentiating permits used by airlines from those that industry can access. They have argued that such a move would allow utilities and manufacturers to avoid excessive costs should their allocation of free permits become limited by a special rule on a correction factor.

Those members of the European assembly have pointed out that the proposal will increase the efficiency of the cap-and-trade program and won't aggravate the surplus in the market, since airlines may be short of allowances in coming years. The cap on aviation emissions will be subject to an annual reduction starting from 2021 under the draft law.

The final version of the law will need to be ironed out in talks that include the European Commission, the EU regulatory arm. The commission declined to comment because the negotiations are ongoing.

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EU Proposes Extended Exemption for Lead in Electronics

Posted September 20, 2017, 01:54 P.M. ET

By [Stephen Gardner](#)

Electrical and electronic equipment manufacturers in the European Union could continue to use lead in a number of applications under draft directives issued by the European Commission.

The eight draft directives, which were issued Sept. 19, would extend for another five years several current exemptions from the EU's Restriction of Hazardous Substances Directive (RoHS) for lead in certain lighting equipment, solders that melt at high temperatures, and copper, aluminum, and steel alloys.

In most cases, the five-year exemptions are broadly aligned to product life cycles and would provide companies time to "redesign and look for alternatives" to the use of the hazardous substances, Meglena Mihova, managing partner of consultancy EPPA, told Bloomberg BNA Sept. 19.

RoHS exemptions, Mihova said, are vital to companies that can't find feasible alternatives to the lead, cadmium, hexavalent chromium, mercury, and certain brominated flame retardants that are banned from electrical and electronic goods. She also coordinates a group of companies, including Agilent Technologies, Tektronix Inc., and National Instruments Corp., which file RoHS exemption requests related to measuring equipment.

'Solid Technical and Economic Reasons'

Magdalena Garczynska, recycling director of European Aluminum, which represents companies including Alcoa and Rio Tinto, told Bloomberg BNA Sept. 19 that a proposal to grant a five-year extension for an exemption for lead as an alloying element in aluminum was needed for "solid technical and economic reasons based on evidence.

The RoHS process for granting exemptions worked smoothly and had resulted in "a balanced proposal supported by the industry," in the case of the specific aluminum exemption, Garczynska said.

Once the consultation period ends, the commission could finalize and adopt the directives, which would amend the annexes of the RoHS Directive. Continued exemptions would be granted through July 2021, with longer exemptions until 2023 or 2024 for some specialized uses.

Comments on the draft directives can be submitted to the commission through Oct. 17.

EU Toxic Rule Exemption Benefits Outweigh Risks, Regulators Say

Posted September 20, 2017, 02:52 P.M. ET

By [Stephen Gardner](#)

The EU's Chemicals Agency says authorizing some exceptions to chemical control rules for plastics, lead in paints, and chrome plating have had positive economic and social benefits that outweigh the additional risks involved.

The chemicals agency tallied up the benefits and risks in a Sept. 18 [report](#), which concluded that special exemptions granted under the European Union's chemicals law can be beneficial by as much as a 15-to-1 ratio when looked at economically.

The report also acknowledged that it was difficult to precisely quantify the costs and benefits of the REACH authorization system, but because of the program, "chemicals risks to European workers and the public at large have been and will be reduced in a notable manner."

Under the EU's REACH law (Regulation No. 1907/2006 on the registration, evaluation and authorization of chemicals) the most hazardous substances are slated for phaseouts. However, companies can petition for "authorizations" to continue to use the substances in specific applications if there are no alternatives and if the risks can be controlled.

So far under REACH, 43 chemicals have been placed on the authorization list, meaning their use is prohibited unless exemptions to continue their use are granted. Among the authorizations granted are phthalates in the production of plastics and munitions, lead pigments in specialized paints, and chromium substances in chrome plating.

Frida Hok, senior policy adviser with ChemSec—which campaigns for the phaseout of toxic substances—told Bloomberg BNA Sept. 18 that the European Chemicals Agency's (ECHA)

analysis showed the REACH authorization process was effective. She said the benefits would be greater if authorizations to continue to use hazardous substances were granted only in tightly specified cases when no alternatives are available.

The Over/Under

The agency's report also found that, in making applications for authorizations, companies significantly overstate the socio-economic benefits of granting an authorization, and understate the risks of continued use of the hazardous substances that are subject to REACH.

According to chemicals agency spokesman Mikko Vaananen, "To certain extent, it is understandable that companies aim to make their case as strong as they can and sometimes lack the skills to conduct a proper socioeconomic analysis. ECHA's committees are aware of this and look at each application from a wider socioeconomic perspective."

For authorizations granted up to the end of 2016, covering 118 uses of hazardous substances, the European Chemicals Agency's scientific committees calculated a socio-economic benefit of 4.2 billion euros (\$5 billion) annually. The costs in terms of continued risks to human health amount to 281 million euros (\$337 million) per year, according to the report.

Regulatory Burden Concern

German chemicals giant BASF said in a statement to Bloomberg BNA Sept. 19 that "in general, REACH is working well," and "authorities and industry have made significant achievements in assessing chemicals on the European market."

However, the "regulatory burden from applying for time-limited authorizations of safe uses is disproportionate," BASF said. Hazardous substances should be regulated according to the risk they pose, meaning they should "not necessarily" be placed on the authorization list, the company statement added.

Nathalie Gross, spokeswoman for the European Chemical Industry Council told Bloomberg BNA Sept. 19 that the council was still studying the chemicals agency's report and unable to comment.

The chemicals agency committees that issue opinions on whether continued-use authorizations for hazardous substances should be granted "look at each application from a wider socioeconomic perspective" and take a wide range of data into account in their recommendations, ECHA's Vaananen said.

U.K. Brushes Off Trump on Iran with \$720 Million Solar Deal

Posted September 20, 2017, 03:01 P.M. ET

By [Anna Hirtenstein](#)

The U.K. deepened its economic relationship with Iran in a solar deal worth \$720 million less than a day after U.S. President Donald Trump called the Persian Gulf nation a "rogue state" and threat to global security.

Current and former Iranian and U.K. officials gathered in London to announce a 600-million euro (\$714 million) plan to develop a giant solar park with cash from investors in Asia, Europe and the Middle East. The agreement underscores how difficult it will be for Trump to dismantle the 2015 nuclear accord, or JCPOA, between six world powers and Iran.

“The British government has made it absolutely clear that it sees the JCPOA as important, it thinks the JCPOA should continue,” Norman Lamont, a former chancellor of the exchequer who is also chairman of the British Iranian Chamber of Commerce, said at a press conference Sept. 19. “The British government is also backed by other governments in the U.K. and in Europe.”

The future of the accord, which caps Iranian nuclear activities in exchange for sanctions relief, has been at risk since Trump took office in January. Even as UN monitors have certified eight separate times since January 2016 that Iran is sticking by the terms of the accord, the U.S. administration has accused the government in Tehran of violating the spirit of the agreement. Trump told leaders Sept. 18 in New York it was “one of the worst” deals the U.S. has entered.

All the other signatories to the nuclear accord—China, France, Germany, Russia and the U.K.—have announced that they’re committed to keeping the deal. The solar project by [Quercus Investment Partners Ltd.](#), a London-based renewables developer, shows international interest continues in Iran’s market, despite Trump’s rhetoric.

“The fact that the European partners are rushing to Iran, for different industries, auto industries energy industry, shows that they do not believe at all that the failure of JCPOA is an option,” Hamid Baeidinejad, ambassador of Iran in the U.K., said at the press conference.

The U.K.’s trade with Iran rose 42 percent from January to October in 2016 and 57 percent in the same period in 2017, according to Lamont. Global trade with Iran rose 13 percent last year to \$113 billion, according to data compiled by Bloomberg.

“The opportunities are tremendous, they really are tremendous,” said Richard Bacon, a current member of Parliament from the ruling Conservative Party. “I sense that we’re on the cusp of something very special, the scale of the opportunities is really quite extraordinary.”

The U.K. investment follows separate announcements by China, the [European Union](#), France, [Japan](#) and Russia that they’ll continue to support the accord. Europeans are also positioning themselves against a unilateral withdrawal from the JCPOA.

“This would damage not only U.S. interests but U.S. international standing and credibility,” 76 European leaders wrote in an [open letter](#) urging Trump to stick with the agreement.

Should the U.S. abandon the accord, the other countries “would work to see the nuclear deal continued with Iran, even in the absence of U.S. participation, and that could include defending European companies and individuals from any re-introduced U.S. sanctions and supporting legal action to do so.”

A U.S. bid to toughen the Iranian accord has inspired unified UN opposition.

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South Africa Sees No Hurry for New Coal, Gas Power Projects

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By Paul Burkhardt

South African programs to add coal and gas power generation from independent providers should wait until policies are updated and the nation’s future needs are clearer, said Energy Minister Mmamaloko Kubayi.

The government is also seeking a “middle ground” with developers in a program to add

renewable-energy projects, she said in a phone interview Sept. 19. Kubayi announced earlier this month that the long-delayed contracts must be signed by the end of October, but not before pricing was renegotiated to make the deals more attractive to state-owned power utility Eskom Holdings SOC Ltd.

South Africa expanded the so-called independent power-producer programs to diversify its energy mix and ease the burden on Eskom, which was forced to implement rolling blackouts in 2015 after seven years of shortages hindered economic growth. However, the country now has surplus capacity after growth in demand stalled and more units from Eskom's new coal plants came online.

"Let's look at how much capacity do we need, and when," Kubayi said. The calculations should include economic growth estimates and determinations of how much generation is required from each technology, she said.

The gas-to-power program included plans for about 3,000 megawatts of capacity from proposed plants on South Africa's coast, the department said in October last year. Its coal program was designed to add 2,500 megawatts of capacity.

South Africa needs to conclude the revision of its Integrated Energy Plan and Integrated Resource Plan, which set long-term policy, before moving ahead with additional programs to procure electricity from gas and coal, Kubayi said.

Can't Proceed

"For those, we can't proceed right now," she said.

While the country's program to add renewable energy from private developers has drawn more than 200 billion rand (\$15 billion) of investment, the most recent bidding rounds have stalled as Eskom refused to sign new power-purchase contracts.

While developers welcomed Kubayi's announcement on Sept. 1 that the deals would be signed by the end of October, industry lobby groups have questioned her comments that pricing must be renegotiated. South Africa's cabinet and Eskom recommended a maximum price of 0.77 rand per kilowatt-hour.

Bidders will need to consider the legal, financial, and credit-risk implications on their projects if deals are renegotiated, according to the South Africa Photovoltaic Industry Association.

Setting a price ceiling on the renewable projects "actually removes all of the legitimacy of that program," said Niveshen Govender, program manager for Sapvia. "It's become actually difficult to understand where we're moving towards."

It's also unclear how the recommended price cap was settled on, said the South African Wind Energy Association.

"Undertaking negotiation after a duly concluded procurement process goes against South Africa's procurement rules," association Chief Executive Officer Brenda Martin said in an emailed statement. "We would hate to think that the extended delay and related job losses are set to continue for much longer, on the basis of an unachievable target."

About 20 of the projects that the government plans to renegotiate can be completed for below the 0.77 rand level, Kubayi said. She said she isn't biased for or against any particular type of generation.

While the government “seems to be in its legal rights to stipulate a price cap,” the uncertainty may deter investors in the future, Jason Harlan, CEO of Fieldstone Africa, a Johannesburg-based, energy-focused investment bank, said in an emailed reply to questions.

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